

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF EAST KENTUCKY UTILITIES,)
INC., FOR (1) ORDER AUTHORIZING A RATE)
INCREASE; (2) INTERIM ORDER TO IMMEDIATELY)
IMPLEMENT ITS PROPOSED RATES ON AN EMERGENCY)
BASIS; (3) ORDER AUTHORIZING THE BORROWING)
OF \$2,114,834 TO BE USED TO PAY ITS INDEBT-)
EDNESS AND TO CONSTRUCT AND UPGRADE ITS)
UTILITY FACILITIES; (4) ORDER GRANTING A)
CERTIFICATE OF CONVENIENCE AND NECESSITY TO)
RECONSTRUCT AND RENOVATE ITS GAS SYSTEM;)
(5) INTERIM ORDER GRANTING PERMISSION TO)
BORROW \$50,000 AS AN EMERGENCY TO PAY WHOLE-)
SALE GAS PURCHASES; (6) ORDER FIXING A)
HEARING DATE AS REQUIRED BY KRS 278.300)

CASE NO. 8114

Motion to extend the surcharge set out in
Appendix B of Order dated August 10, 1981,
for an additional period of 3 years, the
revenue to be used solely for construction
of new mains and services, with piping and
materials as furnished by Floyd County.

ORDER DENYING MOTION

On November 1, 1982, East Kentucky Utilities, Inc., ("East
Kentucky") filed a motion requesting that the surcharge in
Appendix B of the Commission's Order in this case entered August
10, 1981, be extended for an additional 3 years, that the addi-
tional revenue be used solely for construction cost of instal-
lation of material furnished by Floyd County, that it be

authorized to borrow an amount whereby the total funds for construction would equal \$280,000 by April 1, 1983, and that the surcharge be pledged to amortize the loan. Moreover, East Kentucky requested that it be granted a certificate of convenience and necessity for the proposed construction.

The surcharge approved for a period of 1 year in the Order of August 10, 1981, was intended for the sole purpose of paying past-due gas payables to East Kentucky's gas supplier. This purpose has been accomplished. Since East Kentucky's motion for an extension of the surcharge for an additional 3 years is not a part of the record of evidence in this case and has nothing to do with the original purpose of the surcharge, the Commission denies this motion.

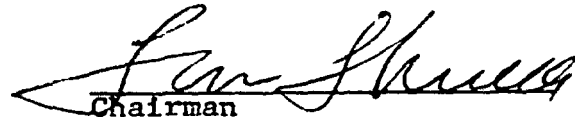
However, the Commission is concerned with the excessive line loss described in East Kentucky's motion and apprises East Kentucky that it should file an application without delay requesting a certificate of convenience and necessity for the renovation of its gas system and proposing a method of financing following the normal requirements of the Commission's regulations pursuant to 807 KAR 5:001. Moreover, in this application, East Kentucky should identify in detail its current efforts to control its excessive line loss, explain in full the relationship between East Kentucky and Floyd County regarding responsibility in obtaining financing and provide documented correspondence or other communication with all lending institutions contacted regarding financing for the proposed construction.

IT IS THEREFORE ORDERED that East Kentucky's motion for an extension of the surcharge in Appendix B of the Commission's Order in this Case entered August 10, 1981, be and is hereby denied.

IT IS FURTHER ORDERED that all provisions of the Commission's Order in this case entered August 10, 1981, not specifically addressed herein shall remain in full force and effect.

Done at Frankfort, Kentucky, this 24th day of November, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary